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25X1

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

National Intelligence Bulletin

May 17, 1975

CONTENTS

25X1

THAILAND-US: Despite pressure, Khukrit moving cautiously to preserve ties with the US. (Page 3)

VIETNAM: Victory celebrations under way in Saigon. (Page 5)

25X1

PORTUGAL: Final version of the unitary labor law encourages the Socialists. (Page 8)

25X1

EGYPT: New vice president appears to be Sadat's choice as successor. (Page 12)

25X1

USSR-LIBYA: Kosygin visit to Tripoli results in commitment to strengthen relations. (Page 16)

WARSAW PACT: Moscow used anniversary celebration to urge greater foreign policy coordination. (Page 18)

25X1

ANNEX: Moscow's Role in Organizing the Geneva Conference

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

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Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

Next 2 Page(s) In Document Exempt

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

National Intelligence Bulletin

May 17, 1975

THAILAND-US

Despite highly emotional demands for reprisals against the US from the Bangkok press and various pressure groups, the Khukrit government is moving cautiously to try to preserve its ties with Washington.

In a press conference on May 16, Prime Minister Khukrit announced that Thailand was:

- presenting a protest note to the US expressing "disquiet" that the US had acted with "contempt" toward a friend;

- recalling the Thai ambassador to the US for consultations;

- undertaking a review of all existing agreements it has with the US.

The announcement clearly reflects an effort by Khukrit to minimize the impact of the Mayaguez incident on US-Thai relations. For example, he made no demand for a US apology. Further more, Khukrit had been under public pressure to retaliate by expelling a senior US official, refusing the credentials of newly arrived US Ambassador Whitehouse, or ordering the immediate withdrawal of all US forces in Thailand.

Khukrit told reporters that in the review of US-Thai agreements, consideration will be given to strengthening Thai government control over US activities at air bases in Thailand, as well as to expediting the withdrawal of the remaining US forces. Khukrit implied, however, that his government would not be stampeded into making a rash decision, saying that a US force withdrawal could not be completed quickly and that the "convenience" of both the US and Thailand must be considered. In an earlier statement, Foreign Minister Chatchai said that any review of US-Thai relations "must be done in a friendly manner."

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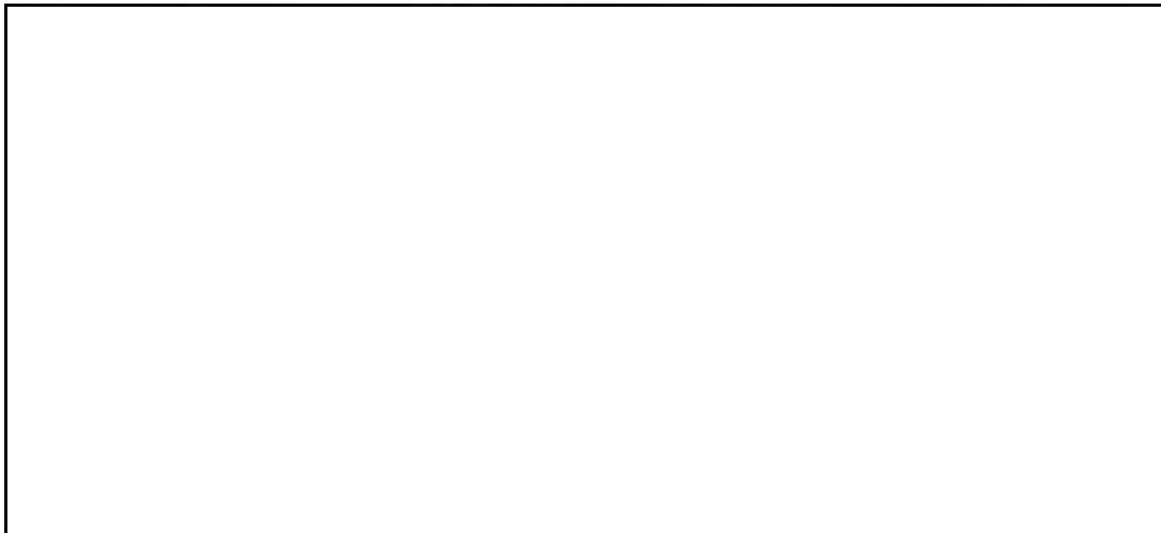
Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

National Intelligence Bulletin

May 17, 1975

Khukrit's announcement will buy time for him to assess the public mood before deciding what additional steps may be necessary to protect his political position. Demonstrations in Bangkok yesterday were confined to two small, peaceful protests in front of the US embassy. Student leaders are promising a large rally today, but the turnout may be far less than they would like because the universities are on vacation.

25X1



25X1

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

National Intelligence Bulletin

May 17, 1975

VIETNAM

Celebrations under way in Saigon observing the communist victory in South Vietnam have provided a few clues as to Hanoi's political plans for the South. Pham Hung, a member of the North Vietnamese Politburo and Hanoi's senior official in the South since he assumed command of COSVN in 1967, was listed first among the Southern dignitaries welcoming a North Vietnamese delegation to the ceremonies. He was identified as a member of the Central Committee of the Vietnam Workers' Party, "secretary of the South Vietnam party organization," and "political commissar of the South Vietnam PLAF Command."

This is the first time in several years that Hung has been identified publicly. Indeed, there had been some speculation that he had either been killed or had fallen out of favor with the Hanoi regime. His appearance as the party's Southern chieftain, however, indicates that he probably still is North Vietnam's first deputy premier and that Hanoi intends to exert direct control over the Southern party, government, and military apparatus.

Behind Hung, Nguyen Huu Tho--who gave the keynote address--emerges as the next man in the lineup as head of the National Front for the Liberation of South Vietnam. Tho apparently will continue to head the Front--or something closely resembling it--and probably will be in charge of forming the administrative apparatus.

Huynh Tan Phat, president of the Provisional Revolutionary Government, also delivered a major address, which suggests that the PRG will remain in business for the time being and serve as the "legal" entity with which foreign governments will establish diplomatic relations. In this regard, communist spokesmen at the ceremonies invited immediate recognition of the PRG by foreign capitals. Nguyen Huu Tho in fact stated that diplomatic relations between the PRG and the US would be acceptable, but added that the US would have to "fulfill its obligations under the Paris Agreement." This formulation probably means the communists would demand certain tough conditions, including the provision of US economic assistance.

National Intelligence BulletinMay 17, 1975

The communists thus appear to be on a "two-governments, one-policy" track. Remarks at the ceremonies suggest that Vietnam already is considered one country, but that, prior to reunification, Hanoi is thinking of an interim period during which the communists will secure firm administrative and political control in the South. North Vietnamese party chief Le Duan, for example, called on the South to develop "a sound and progressive national culture." He also stated that cadre in the North should "step up socialist construction," while people in the South should "unite and build a splendid democratic national regime."

Ceremonies celebrating the liberation of South Vietnam will continue in Saigon and Hanoi through Saturday. On Monday, May 19, the communists will celebrate the birthday of Ho Chi Minh. It is possible that during those festivities additional information will be provided on the new government in the South, of the assignment of key people to various organizations, and some further clues given as to the general nature and duration of an interim administration in the South.

25X1

25X1

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

National Intelligence Bulletin

May 17, 1975

PORTUGAL

The final version of the new Portuguese labor law, officially published this week, has encouraged the Socialists to believe that they will be able to challenge Communist control of the newly legalized, single labor confederation.

The wording of the law allays the Socialist fear that concessions they gained last January would be altered by government officials sympathetic to the Communists. The Socialists were particularly worried that the election of new union leaders would be postponed or would be altered to permit the Communists to keep control over unions they have taken over since the coup against Caetano. The law provides that the unions that did not select new officers after the anti-Caetano coup by secret ballot--and this includes nearly all of them--must do so within four months.

The law does not require that all unions join the central confederation, but it stipulates that all labor organizations are prohibited from affiliating with foreign or international organizations, though unions can "maintain relations and cooperate" with such bodies. Western labor organizations had feared they might be prevented from establishing ties with the non-Communist unions, but the regime apparently is prepared to tolerate informal relations.

Instead of assuring the Communists de facto control of labor, the new law gives the Socialists the opportunity to compete for positions of leadership. [REDACTED]

[REDACTED] the Socialists believe they have made substantial inroads in several unions and may be able to mount a serious challenge to the Communists.

To carry out their plans, the Socialists will have to overcome serious organizational difficulties. The party has long been a loose confederation of differing factions.

National Intelligence Bulletin

May 17, 1975

Party militants are trying to push the party into taking a stronger line. They are trying to force party leader Soares to abandon the policy of restraint he adopted following the Socialist victory in the constituent assembly elections last month.

25X1

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Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

Next 1 Page(s) In Document Exempt

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

National Intelligence BulletinMay 17, 1975

EGYPT

In a recent Beirut magazine interview, President Sadat called attention to a widely misunderstood provision of the Egyptian constitution on presidential succession. His clarification and subsequent remarks give added significance to his recent appointment of former air force commander Husni Mubarak as vice president.

According to the constitution, upon the death or incapacitation of the president, the speaker of the People's Assembly succeeds to the office temporarily. The assembly then selects a nominee to be the permanent president, whose name is submitted to a nationwide referendum for final popular approval.

The present speaker is Sayyid Mari, a close confidant of Sadat. Mari has been widely assumed to be Sadat's personal choice as his successor, on the theory that Mari would have the inside track with the assembly if it were ever in a position to select a presidential nominee. When questioned by the interviewer on this point, however, Sadat noted that the constitution stipulates that the assembly speaker is not in these circumstances eligible for nomination.

There is no clear-cut constitutional impediment to Mari's placing himself in the running in the event of a normal transfer of power in a regularly scheduled election. Sadat, however, seemed to endorse Vice President Mubarak when the interviewer pursued the question of successors. Asked if Mubarak were his choice to succeed, Sadat noted that the choice is in the hands of the Egyptian people but said, "I try to place sound options before the people."

Since his unexpected appointment of Mubarak to the vice presidency last month, Sadat has involved Mubarak heavily in affairs of state. A career military officer and political novice, Mubarak has in the last month traveled with or on behalf of Sadat to several Arab states. He will accompany Sadat on his trip to Salzburg, Austria, for a meeting with President Ford early next month.

25X1

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

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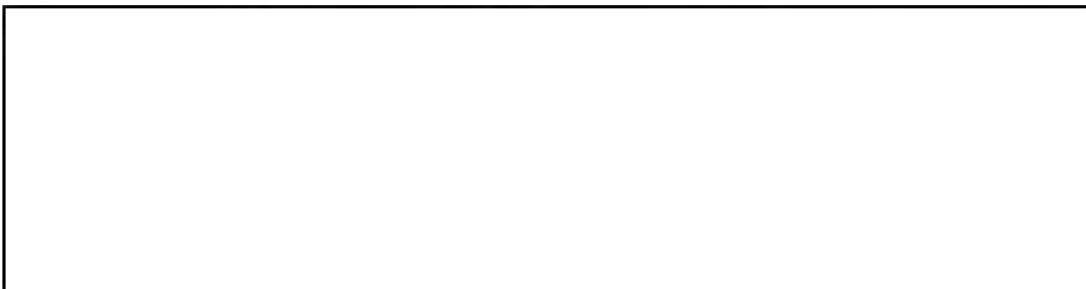
National Intelligence BulletinMay 17, 1975

USSR-LIBYA

Soviet Premier Kosygin's four-day visit to Libya ended Thursday and appears to have resulted in a general commitment by Moscow and Tripoli to strengthen their relations.

Kosygin's reception was initially cool, and it is clear there are still important differences. He, however, did hold two conversations with President Qadhafi that were billed as "friendly." The communiqué marking the end of the visit, judging from Moscow's version, was notably more positive than the one issued after Libyan Prime Minister Jallud's visit to Moscow last year.

Moscow's rapidly growing military sales to Libya no doubt were discussed, and new agreements may have been reached. A Soviet military delegation had preceded Kosygin to Libya, and a senior military aid specialist was in his entourage.



Moscow last year entered into a major military deal with Libya and has gradually been delivering the promised weapons. The Soviets' desire to get some of Libya's oil money is one important factor behind the sales.

Differences between the two countries over a Middle East settlement were on open display. Kosygin said publicly that the Geneva peace conference should be reconvened in order to ensure the independence of "all" states--a clear allusion to Israel. Although the Soviets continue to call for Arab unity in dealing with Israel, it is unlikely that Moscow has much expectation of swaying the Libyans.

National Intelligence Bulletin

May 17, 1975

Libyan Prime Minister Jallud met with the head of one of the most extreme fedayeen groups on the eve of Kosygin's visit to make plain Libya's continued support for radical Arabs. Tripoli also deleted references to the Geneva conference from its account of Kosygin's speech.

Antagonism to Egypt is a key reason behind the improvement in relations between Moscow and Libya during the past year. Both will therefore be pleased at Egyptian President Sadat's anxious reaction to Kosygin's visit. In an interview Wednesday, Sadat said the Kosygin trip "poses a strange question mark" in view of the "legendary dimensions" of Moscow's arms commitments to Tripoli.

Sadat will probably take particular note of the communiqué's statement that Moscow and Libya have many "identical interests" and its call for regular consultations aimed at closer political coordination. Such phrases are new to the Libyan-Soviet relationship.

National Intelligence Bulletin

May 17, 1975

WARSAW PACT

Moscow used the 20th anniversary celebration of the Warsaw Pact this week to urge again the need for greater foreign policy coordination among Pact members.

The Soviets reportedly had hoped to announce the creation of a permanent committee of Pact foreign ministers and a Pact secretariat headed by a strong Soviet secretary general. They apparently were stymied by the Romanians, whose concern over Soviet domination has led them to fight similar ideas in the past. These differences may have prompted the cancellation of Soviet plans for a Pact anniversary summit in Moscow and the convening instead of Pact parliamentarians in Warsaw to celebrate the occasion. [redacted] there is a possibility that a Pact summit could take place in early June after the NATO chiefs of government meeting.

25X1

In his anniversary speech, Soviet Foreign Minister Gromyko reiterated General Secretary Brezhnev's long-standing intention, also echoed in substance by Pravda and by the Warsaw Pact commander Soviet Marshal Yakubovsky, to make the Pact "the main center for coordinating the fraternal countries' foreign policy." The Soviet statements did not spell out precisely how Pact coordination would be enhanced, but the "leading role" of the Pact's political consultative committee was singled out for praise. Gromyko also extolled the use of bloc summit meetings outside the Warsaw Pact framework, perhaps as a way of signaling Moscow's determination to ride herd on the foreign policies of the Pact members even if structural changes in the Pact organization are not immediately forthcoming.

Despite Gromyko's emphasis on greater foreign policy coordination, he made it clear that Moscow has no intention of diminishing the Pact's usefulness as a mechanism for Soviet control in Eastern Europe. He stated that the Pact served as a "reliable shield" for the "gains of socialism," a clear reference to the Pact's police functions in Eastern Europe, and that the Pact was based on the "granite foundations of proletarian internationalism," the Soviet rationale for the 1968 invasion of Czechoslovakia.

National Intelligence Bulletin

May 17, 1975

In the area of military coordination, Gromyko broadened the Pact's pledge of mutual aid "in the event of an armed attack by an aggressor" by deleting the treaty language calling for such aid if the attack took place in Europe. This will once again raise the spectre of Warsaw Pact troops being used in any fighting along the Sino-Soviet border.

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Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

Next 1 Page(s) In Document Exempt

Approved For Release 2007/02/08 : CIA-RDP79T00975A027700010030-1

National Intelligence BulletinMay 17, 1975

ANNEXMoscow's Role in Organizing
the Geneva Conference

For over a year the Soviets complained bitterly that they had been cut out of the diplomatic game in the Middle East. Despite numerous trips by Foreign Minister Gromyko, the heavy-handed pressure on the Egyptians, and the ardent wooing of the Syrians, Moscow was on the negotiating sidelines and clearly was going to stay there as long as Secretary Kissinger was making progress toward a settlement.

All this changed with the breakdown of the step-by-step approach on March 22. Suddenly, the Soviets found themselves very much on the spot. They had been trumpeting the importance of reconvening the Geneva conference; now it was up to them to help get the parties there and, even more difficult, to ensure that the Geneva proceedings did not fail.

In working for Geneva, the Soviets are determined to demonstrate that:

--They are interested in progress toward a Middle East settlement.

--The USSR has to be granted a permanent role in the Middle East if peace is to come.

--If another war breaks out, it can not be viewed as the result of Soviet mischief-making.

In pursuit of Geneva, the USSR has touched base during the past several weeks with all the principals in the Arab-Israeli dispute. Moscow's intensive activity has resulted in only limited progress, and the Soviets seem to recognize that getting to Geneva still involves substantial problems.

National Intelligence Bulletin

May 17, 1975

In a series of coordinated initiatives, the Soviets:

- have met with senior Iraqi, Syrian, and Egyptian leaders in Moscow;
- have received a Palestinian delegation headed by Yasir Arafat;
- have sent emissaries to Israel and to Jordan;
- have just met with the Libyans and currently have a delegation in Tunisia.

Geneva will be a priority topic when Foreign Minister Gromyko meets with Secretary Kissinger in Vienna on May 19. Gromyko is apparently planning a swing through the Middle East shortly after those talks.

The Soviets are nevertheless moving cautiously. They have argued that thorough preparations must be made lest a premature conference collapses. Such a development would damage Soviet prestige and increase the risks of war.

The Soviets, in an effort to maintain a maximum amount of flexibility regarding the conference, have not publicly spelled out their position on its timing or procedures. They are apparently now thinking of a brief plenary session in early summer that would define some of the issues. Moscow may favor creating subcommittees to consider these problems, with more serious discussions put off until the fall.

Opening to Israel

One indication of the importance Moscow attaches to the conference is its willingness to risk the displeasure of some Arabs by displaying some evenhandedness toward Israel. Notable in this regard is Foreign Minister Gromyko's explicit statement during the visit by Syrian Foreign Minister Khaddam that the USSR is willing to guarantee Israel's existence.

National Intelligence BulletinMay 17, 1975

The Soviets hope that their diplomatic contacts with Tel Aviv will serve to reassure Israel and convince it not to boycott Geneva if the Palestinians attend. The Soviets also hope they are demonstrating to all the parties that Moscow--as well as the US--can play a constructive diplomatic role.

Palestinian Problems

Crucial to Soviet strategy is Arab and fedayeen agreement to defer the sticky problem of Palestinian representation until later in the conference. The Soviets delayed Arafat's visit to Moscow until after they could discuss this issue with Damascus and Cairo. They obviously hoped they would then be able to confront the Palestinians with a unified position.

The Soviets appear to have had only modest success in this approach. Although the Egyptians agree that actual discussion of the Palestinian question at Geneva should be postponed, they do not want to be the ones to force the delay on Arafat. The Syrians also seem uneasy with the Soviet approach to the Palestinian issue.

Arafat's talks with Moscow also were troubled. The atmosphere was cool, and the Soviets did not move any closer toward formal recognition of Arafat's PLO.

The Soviets apparently pressed Arafat for greater flexibility regarding when and how the Palestinians go to Geneva. They also unsuccessfully urged Arafat to make some gesture toward recognition that would prevent Israel from boycotting the conference if the Palestinians are invited.

Arafat made at least one conciliatory gesture to Moscow by accepting wording in the joint communiqué that could be interpreted as agreeing in principle to Palestinian participation at Geneva. There is no sign, however, that progress was made on the more difficult questions of timing and format of Palestinian participation.

National Intelligence Bulletin

May 17, 1975

Moscow's frustration over the Palestinian question was suggested by its public commentary after the visit. Pravda stressed that success at Geneva would be dependent on a common Arab position on the issue.

Suspensions of the US

Soviet conduct during the past month has demonstrated the ambivalent attitude Moscow now has toward the US role in the Middle East. On the one hand, Moscow remains intensely suspicious that the US will again seek to monopolize Middle Eastern diplomacy--this time under the cover of Geneva. On the other, the Soviets recognize that only the US has real leverage on Israel and that Washington's cooperation is essential if progress toward a settlement is to be made.

The Soviets, therefore, have indicated that they welcome a continued US role, but one over which they would have some control. Gromyko reportedly made this point to the Iraqis, stressing that step-by-step diplomacy is still possible if Washington and Moscow "act in concert."

In their discussions with the Arabs, the Soviets sought to circumscribe Secretary Kissinger's maneuvering room. They obtained general agreement from Cairo, Damascus, and the Palestinians ruling out bilateral deals unless they are closely tied to Geneva.

Despite this agreement, Moscow probably fears that President Ford's planned meetings with Egyptian President Sadat and Israeli Prime Minister Rabin portend a renewed US effort to achieve a disengagement agreement outside of Geneva. In his speech on Wednesday marking the anniversary of the Warsaw Pact, Gromyko accused "certain capitals" of wanting to revive the step-by-step approach.

"Those Damned Egyptians"

The Soviets clearly want and need Egyptian cooperation in getting Geneva organized, but Cairo is continuing to play an independent tune. Announcement of the Sadat-Ford meeting is a clear indication that despite its endorsement of Geneva, Egypt continues to look to the US

National Intelligence Bulletin

May 17, 1975

for a Middle East settlement. Indeed, Egyptian Foreign Minister Fahmi would not agree to wording in the communiqué linking any future step-by-step diplomacy to Geneva until he was personally implored to do so by Gromyko.

Moscow has appeared willing to give a little bit in its disputes with Cairo in order to get a more positive Egyptian attitude toward Geneva. When Fahmi was in Moscow, for example, the Soviets agreed to clear up some small points of friction regarding arms and economic dealings.

Differences with Cairo and distrust of Sadat run so deep, however, that Moscow is unwilling to make any fundamental concessions. The Soviets refuse to talk about new arms deals or to lessen the economic pressure their demand for debt repayment is placing on Cairo.

In the meantime, the Soviets face continued sniping from radical Arabs who refuse to countenance talks with Tel Aviv. The best the Soviets can hope for is that such gestures as Premier Kosygin's visit to Libya during the past week will dampen criticism from this flank.

The cautious Soviet approach to Geneva has even stirred some criticism from heretofore moderate Arabs. The leader of the Syrian-controlled fedayeen group, for example, boycotted Arafat's mission to Moscow, criticized Moscow's willingness to extend guarantees to Israel, and questioned the value of Geneva.

What Kind of Settlement?

Although the major focus of Moscow's diplomacy has been on convening Geneva, in the process the Soviets have offered some clarification of their view of what a settlement might entail. The Soviets have hinted at some flexibility, while continuing to support the essential Arab demands.

On the issue of a Palestinian state, for example, the Soviets seem to be trying to take into account Israeli sensibilities by privately suggesting that the West Bank and Gaza might become part of a joint Arab federation. The Soviets have also hinted that if Israel promises to

National Intelligence Bulletin

May 17, 1975

withdraw from occupied territories, implementation of this pledge could be deferred for some time.

The Soviets, however, have been careful to avoid specifics that might limit their flexibility and have resorted to indirection lest they antagonize the Arabs. They recognize they have only limited ability to force the Arabs to make concessions.

Despite their strong desire to achieve progress at Geneva, the Soviets are probably skeptical that substantial progress can be achieved there.

The Soviets will continue to try to make Geneva a success, but it seems unlikely that they will resort to arm twisting that could damage their long-term position with the Arabs. The Soviets hope that if the conference fails, the Arabs will give Moscow some credit for trying and focus their resentment on Israel--and the US--for obstructing a settlement.

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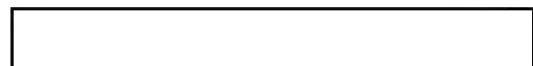
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